

Message Text

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ACTION AF-08

INFO OCT-01 ISO-00 NASA-01 OES-06 MC-02 ACDA-07 XMB-02
AID-05 OMB-01 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 NSCE-00
SSO-00 USIE-00 INRE-00 EB-07 TRSE-00 ERDA-05 COME-00
FEA-01 /085 W

-----100950Z 120946 /17

O 100817Z JAN 77

FM AMEMBASSY TANANARIVE

TO SECSTATE WASHDC NIACT IMMEDIATE 8752

C O N F I D E N T I A L SECTION 1 OF 2 TANANARIVE 0045

E.O. 11652:GDS

TAGS: PFOR, MA, US

SUBJECT: GDRM CHARGE'S APPOINTMENT WITH ASST. SECRETARY

REFS: (A) STATE 4201, (B) 76 TANANARIVE 2047, (C) 76 STATE 293888
(D) 76 TANANARIVE 2041, (E) 76 STATE 197250, (F) TANANARIVE 0043

1. SUMMARY. THERE ARE SEVERAL BILATERAL ISSUES THAT GDRM
CHARGE MAY WISH TO DISCUSS WITH AMB. SCHAUFLE. A FEW OF
THEM ARE WORTH RAISING ON OUR PART IF GDRM CHARGE DOES NOT,
AS WELL AS TWO OTHER MATTERS. END SUMMARY.

2. FOLLOWING ARE SOME POINTS MADE IN 76 TANA A-063 AS WELL
AS SOME NEW DEVELOPMENTS HERE WHICH MAY BE USEFUL BACKGROUND:

(A) RATSIRAKA IS FIRMLY IN CONTROL. HE AND OTHERS IN GOVT
EXHIBIT MORE AND MORE SELF-CONFIDENCE, DESPITE PROBLEMS
(SEE BELOW); (B) THERE IS NO GROUNDSWELL FOR RATSIRAKA'S
REMOVAL, PRIMARILY BECAUSE THERE IS NO CLEAR ALTERNATIVE
AND ECONOMIC SITUATION IS NOT SO BAD AS TO UNDERMINE GOVT'S
STABILITY; (C) THERE IS STILL CONSIDERABLE GOODWILL IN
MADAGASCAR TOWARD THE US, EVEN AMONG SENIOR GDRM OFFICIALS;
(D) LATE DECEMBER DISTURBANCES IN MAJUNGA AGAINST
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COMORIANS RESIDENT THERE APPEAR TO HAVE SHAKEN GDRM
INTERNALLY BUT NOT VISIBLY. MOREOVER, RECENT BOMBING
AND ASSASSINATION ATTEMPTS APPEAR TO HAVE BEEN TAKEN IN
STRIDE (REF F); (E) ON JAN 8 GDRM ANNOUNCED FORMATION OF
NATIONAL FRONT FOR DEFENSE OF THE REVOLUTION (DETAILS
AEPTEL) WITH A VIEW TOWARD NATIONAL ASSEMBLY ELECTIONS IN
LATE MARCH.

3. FOLLOWING IS STATUS OF US-GDRM BILATERAL ISSUES:

(A) NASA. GDRM'S MID-DECEMBER PROPOSAL (REF B) WAS THAT WE WOULD GAIN ACCESS TO EQUIPMENT WE WISH TO RECOVER IF WE (1) PAY GDRM \$200,000 AS "BACK RENT" FOR 1973-75 AND (B) TURN OVER ALL EQUIPMENT WE DO NOT WANT AS SPECIFIED IN 1975 NOTE TO GDRM. WE HAD EARLIER TOLD GDRM THAT IT COULD CITE "COSMETIC PAYMENT" OF \$15 MILLION WHICH WAS ACQUISITION COST OF EQUIPMENT WE WOULD TURN OVER TO IT. GDRM IS NOW AWAITING REPLY FROM USG;

(B) GDRM PURCHASE OF HERCULES AIRCRAFT (REF C). ON DEC. 1, GDRM AND LOCKHEED WERE ABOUT TO SIGN MUTUALLY-AGREED-UPON CONTRACT FOR TWO HERCULES. HOWEVER, WHEN LOCKHEED APPLIED FOR EXPORT LICENSES, USG TOLD LOCKHEED TO REAPPLY IN 60 DAYS. THERE IS ALSO MATTER OF EXIM BANK FINANCING, WHICH, PRESUMABLY, WILL REQUIRE DEPARTMENT'S APPROVAL. SOME CONFUSION EXISTS AS TO WHETHER GDRM HAS YET APPLIED FOR EXIM FINANCING;

(C) OIL COMPANY NATIONALIZATIONS (REF D). ESSO REPS VISITED TANANARIVE IN DECEMBER TO DISCUSS COMPENSATION AND HUGE FINE AGAINST ESSO WITH, RESPECTIVELY, MINISTERS OF ECONOMY AND FINANCE. ALTHOUGH GDRM GAVE NO CLEAR INDICATION OF HOW ESSO (OR OTHER FIVE OIL COMPANIES, E.G., CALTEX) WOULD BE TREATED ON EITHER ISSUE, AT LEAST DISCUSSIONS BEGAN AND NEXT ROUND IS TENTATIVELY SLATED FOR FEBRUARY. ASSISTANT SECRETARY SCHAUFLE MAY WISH TO CONFIDENTIAL

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LEAN HEAVILY ON GDRM CHARGE TO REAFFIRM KEEN USG INTEREST IN ADEQUATE COMPENSATION TO ESSO AND CALTEX, AND ON CONSEQUENCES IF ADEQUATE COMPENSATION IS NOT FORTHCOMING (REF E). ESSO, FOR EXAMPLE, HAS ESTIMATED ITS BOOK VALUE OF ASSETS TO BE \$12 MILLION (PROTECT FIGURE), WHEREAS FINE IMPOSED ON ESSO AMOUNTS TO \$8 MILLION. FINE WAS IMPOSED FOR ESSO'S NOT HAVING REPATRIATED PAYMENTS TO MADAGASCAR WITHIN 30-DAY REQUIRED PERIOD IN 1972-74. ESSO CLAIMS THAT GDRM DID NOT NOTIFY ESSO OF THIS REQUIREMENT AND NEITHER DID MALAGASY BANKS WHICH HAD BEEN NOTIFIED. ESSO ALSO BELIEVES THAT SUCH REQUIREMENT IS IMPRACTICAL AND UNREASONABLE IN VIEW OF ESTABLISHED COMMERCIAL PRACTICES WORLD-WIDE. AMB. SCHAUFLE MAY WISH TO NOTE THAT GDRM NOW APPEARS MORE INTERESTED IN ACQUIRING WESTERN TECHNOLOGY AND THAT THERE HAS BEEN NO NEW INVESTMENT IN MADAGASCAR IN SIX YEARS. POTENTIAL SUPPLIERS WILL BE CLOSELY WATCHING GDRM PRACTICES, E.G., COMPENSATION FOR NATIONALIZATIONS.

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FM AMEMBASSY TANANARIVE

TO SECSTATE WASHDC NIACT IMMEDIATE 8753

C O N F I D E N T I A L SECTION 2 OF 2 TANANARIVE 0045

(D) EXCHANGE OF AMBASSADORS. IT IS POSSIBLE, BUT NOT
LIKELY, THAT RATSIRAKA WISHES TO ADVISE USG THAT GDRM PLANS
TO NOMINATE NEW AMBASSADOR TO WASHINGTON SOON. BY CHANCE,
I HAD DISCUSSION JAN 7 WITH MOST LIKELY CANDIDATE (BUT NOT
SHOO-IN) FOR THE JOB, MFA DIRECTOR OF MULTILATERAL AFFAIRS
RAZAFINDRATOVO, WHO OFFERED THAT THERE WAS NOTHING NEW
ON GDRM SIDE AND IS NOT LIKELY TO BE UNTIL USG NAMES NEW
AMBASSADOR. AMB. SCHAUFELÉ MAY WISH TO REFER TO PNGINGS
OF AMERICAN PERSONNEL HERE, WHICH WE ARE CERTAIN WAS ON
BASIS OF POORLY SUBSTANTIATED INFORMATION, AND STATE THAT
USG IS HOPING TO IMPROVE RELATIONS. THEREFORE, WE
HOPE SUCH INTEMPERATE AND UNHELPFUL ACTS ON PART OF GDRM
WILL NOT RECUR.

(E) HOSTILITY OF MALAGASY MEDIA. OUR BASIC PROBLEM HAS
BEEN WITH RADIO-TELEVISION MADAGASCAR (RTM), SINCE
MOST ANTI-US MEDIA ARE PRIVATELY OWNED. ALTHOUGH WE WERE
MORE AND MORE DISTURBED BY TONE OF RTM'S SEVERE EDITORIALIZ-
ING BETWEEN JUNE 1975 AND MID-SUMMER 1976, RTM BECAME LESS
POLEMICAL IN GENERAL AND LESS HOSTILE TO WESTERN COUNTRIES
(ALBEIT IT'S CONTINUING TO USE CATCH-WORDS "IMPERIALISTS,"
COLONIALIST" AND, NOW LESS FREQUENTLY, "CAPITALIST"). US
MISSION EMPLOYEE WHO REGULARLY MONITORS RTM TOLD US LAST
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WEEK THAT, AS OF ABOUT TWO WEEKS AGO, THERE IS A NEW,

IMPROVED TONE TOWARD US, TO THE EXTENT OF OBJECTIVELY SHOWING RESPECT FOR POWER OF USG AND ITS EFFORTS TO AID THIRD WORLD. AMB. SCHAUFLELE MAY WISH TO COMMENT FAVORABLY ON THIS DEVELOPMENT.

4. WHEN I TALKED WITH PRESIDENT RATSIRAKA AT HIS JAN 6 NEW YEARS RECEPTION, HE SEEMED QUITE PLEASED TO HAVE RECEIVED A PERSONAL CHRISTMAS CARD FROM PRESIDENT-ELECT CARTER WHICH WAS APPARENTLY TRANSMITTED THROUGH INTERNATIONAL MAIL AND NOT THROUGH USG OR GDRM CHANNELS. RATSIRAKA MAY SIMPLY WISH TO TRANSMIT REPLY THROUGH DEPT.

5. MEETING WITH GDRM CHARGE COULD BE USEFUL OPPORTUNITY FOR AMB. SCHAUFLELE TO ADDRESS OTHER SUBJECTS:

(A) GDRM RELATIONS WITH COMMUNISTS. WHILE WE HAVE TAKEN POSITIVE NOTE OF GDRM'S INITIATIVE TO RESOLVE OUR PRIMARY BILATERAL ISSUE, I.E., NASA, WE ARE STILL CONCERNED WITH GDRM'S EVER-RELIANCE ON ITS RELATIONS WITH SOVIETS, CUBANS, AND OTHER COMMUNIST COUNTRIES. THIS IS HARDLY A "TOUS AZIMUTS" POLICY, AND DIFFERENCES IN IDEOLOGY SHOULD NOT NECESSARILY PREVENT IMPROVEMENT OF US-GDRM RELATIONS. WE ARE KEEPING AN EYE ON GDRM RELATIONS WITH COMMUNIST COUNTRIES BECAUSE WE WOULD BE VERY CONCERNED IF GDRM WAS TO GRANT BASE RIGHTS TO ANY PARTY FOR WHOM SUCH RIGHTS WOULD BE INIMICAL TO US INTERESTS. SINCE GDRM CONSTANTLY HARPS ON DIEGO GARCIA, ALTHOUGH LESS STRIDENTLY OF LATE, AMB. SCHAUFLELE MAY FIND IT USEFUL TO EXPLAIN WHY BASE THERE EXISTS.

(B) NORTH-SOUTH DIALOGUE AND GDRM'S POSITIONS IN INTERNATIONAL ORGANIZATIONS. NOW THAT THIS DIALOGUE IS EMERGING, AND WITH POSSIBLE IMPROVEMENT IN GDRM RELATIONS WITH WESTERN COUNTRIES, WE HOPE THAT WE WILL BE BETTER ABLE TO INFLUENCE GDRM STANDS ON VARIOUS INTERNATIONAL ISSUES. WE RECOGNIZE THAT GDRM'S POLICY IS TO VOTE WITH CONFIDENTIAL

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MOST RADICAL THIRD WORLD COUNTRIES. HOWEVER, NORTH-SOUGH DIALOGUE AND OTHER INTERNATIONAL ISSUES ARE BEGINNING TO MAKE SOME PROGRESS, SLOW AS IT IS, AND IT WOULD BE MISTAKE FOR GDRM TO MAINTAIN INFLEXIBLE POSITIONS AS THE WORLD LOOKS FOR PRACTICAL MEANS, NOT POLEMICS, TO SOLVE ITS MOST IMPORTANT PROBLEMS.SHEINBAUM

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